

With industry confidence returning, now is the time to 'build back rail'

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With the world returning to physical events, it's fantastic today to be welcoming professionals from across the rail industry to the RIA Annual Conference, taking place in London over the next two days.

Rail Industry Health Checker

Each year, on the eve of the Conference, we publish our Rail Industry Health Checker. Conducted by independent polling company Savanta, the Checker involves a survey of more than 260 railway leaders, asking how confident they are for the coming year, both for the industry as a whole and their specific businesses.

The results give us reason to be positive. The Health Checker found that business confidence in the rail supply sector has largely returned to 2019 levels, showing an industry bouncing back from the pandemic. 45% now predict the industry will grow in the coming year, up from 35% in 2020. And those predicting the industry will contract has fallen from 36% in 2020 to 31% in 2021.

When it comes to their own business, optimism was even higher, with three in five (60%) rail industry leaders predicting growth, up from half (51%) in 2020. And the number of rail leaders who expected their business to contract was only 17%, lower than the 18% who said they thought their business would contract in 2019.

The easing of restrictions is also boosting confidence, with two in five (42%) say the easing of Coronavirus restrictions has improved their business outlook. Just 6% say the easing of restrictions has made their outlook worse.

The Return of Rail

What do these results tell us? Well, clearly there is reason for confidence in the industry. The coronavirus pandemic saw passenger numbers fall, but the rail network is rebounding quickly. Passenger numbers have returned to around 65% of pre-pandemic levels only a few months since restrictions were eased, and freight has returned quickly to 100% of pre-pandemic levels.

And as more passengers return, rail businesses are growing more and more confident of the role of rail will play for the UK economy. In 2019, the industry was a major economic contributor, generating £43 billion in economic growth, supporting 710,000 jobs and providing £14 billion in tax revenue to the UK. If the industries confidence is right, rail could quickly return to the economic powerhouse it was before the pandemic.

Build Back Rail

Of course, we can't afford to take our 'foot off the pedal' when it comes to rail investment. It's worth noting that although it is good industry confidence has returned to 2019 levels, 2019 itself was still a year of much uncertainty for the industry, with a General Election approaching, Brexit still to be resolved and major projects like HS2 still to be signed off. Although it's really positive to see the pandemic has not impacted rail businesses' prospects, we can still do better in providing more certainty for the rail industry.

There are some clear actions the Government can take. With every £1 spent in rail generating £2.50 in the wider economy, our railways should be at the heart of Government plans to spur an economic recovery. This means providing rail suppliers with visibility of upcoming work, publishing the Integrated Rail Plan and Rail Network Enhancements Pipeline, both of which have been significantly delayed. We need to also get on with decarbonising the rail network – supporting the roll out of electrification and battery and hydrogen trains. And we need to start rolling out digital signalling across the network, before current signalling units become life expired. We should also be promoting the role rail can play as a major export industry, supporting increased international trade and the Government's 'Global Britain' vision.

Conclusion

The theme for this year's RIA Annual Conference could not be a clearer message to Government: Build Back Better. Build Back Greener. Build Back Rail. It is fantastic to see the industry's confidence restored, but more can be done to support the UK as it seeks to revive its economy. Rail can and should play a leading role in the Government's plans.

Darren Caplan, Chief Executive of the Railway Industry Association